

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes
Hans F. Larsen
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: March 18, 2013

Approved



Date

3/26/13

COUNCIL DISTRICT: 6

SUBJECT: AWARD OF CONTRACT FOR THE REBID THE ALAMEDA – A PLAN FOR THE BEAUTIFUL WAY PROJECT (BETWEEN STOCKTON AVENUE AND FREMONT STREET), AND RELATED APPROPRIATION ACTIONS

RECOMMENDATION

- (a) Approval to award the Rebid [6661] The Alameda – A Plan for the Beautiful Way Project (between Stockton Avenue and Fremont Street), Federal Project No. STPL-5005(103) to the low bidder, Wattis Construction Co., Inc., in the amount of \$4,016,757, and approval of a ten percent contingency in the amount of \$401,676.
- (b) Adopt the following Appropriation Ordinance Amendments in the Building and Structure Construction Tax Fund:
 - (1) Increase the appropriation to the Department of Transportation for: The Alameda – A Plan for the Beautiful Way in the amount of \$936,000; and
 - (2) Decrease the Ending Fund Balance in the amount of \$936,000.

OUTCOME

The recommended actions will allow the City to award The Alameda – A Plan for the Beautiful Way Project, Federal Project No. STPL-5005(103), to the low bidder from the second set of bids received on February 21, 2013, and provide the funding necessary to complete the project that will install pedestrian-oriented improvements and create a multimodal transportation corridor that allows direct access to key destinations such as Diridon Station, HP Pavilion, and downtown San José.

BACKGROUND

The Alameda is an important transportation corridor serving as a gateway to Downtown San José. As part of the Envision 2040 General Plan update process, The Alameda has been identified as one of the City's "Grand Boulevards" that contributes to the City's overall identity and is intended to have special design features, including enhanced landscaping, lighting, and other attractive design elements.

In 2009, The Alameda Business Association, the Redevelopment Agency, and the City were awarded a \$250,000 Caltrans Community-Based Transportation Planning Grant to develop a future plan for The Alameda corridor titled, "The Alameda - A Plan for the Beautiful Way." Subsequently, the City was awarded a Transportation for Livable Communities (TLC) grant in the amount of \$3,132,000 from the Metropolitan Transportation Commission (MTC) for improvements to The Alameda, consistent with the "Beautiful Way" plan prepared in April 2010.

On August 3, 2010, the City Council approved acceptance of the grant and appropriated matching funds for the improvement project. The City received the Authorization to Proceed with Construction from the California Department of Transportation District 4 Office of Local Assistance, effective April 4, 2012.

The project will construct improvements that will help enliven The Alameda as a retail center and multimodal transportation corridor. Design elements include raised median islands with decorative pavers and landscaping, enhanced pedestrian crosswalks with median refuges, corner and sidewalk bulb-outs, curb ramps, street lighting improvements, and modifications to signalized intersections. Most of the described improvements are not City standard facilities.

The City proposed to setup a maintenance assessment district for the operating and maintenance costs of the enhanced improvements. However, in March 2012, the formation of the assessment district was voted down by the residential and business community. In addition, the community requested changes to the proposed geometric design of the traffic median islands.

City staff prepared alternative roadway designs and worked with the community to address their concerns and incorporate their feedback on the project. The revised project scope included reduction of proposed enhanced landscaping to standard tree planting and reduced street lighting enhancements. During the 2012-2013 Mid-Year Budget Review, an increase of \$644,000 was approved by City Council to complete the additional design work.

On October 11, 2012, the City received the initial set of four bids. All four bids were significantly higher than the engineer's estimate of \$3,520,000. The lowest bid was approximately \$1,050,000 above the engineer's estimate and contained mathematical errors. The second lowest responsive bid was \$1,521,590.95 above the engineer's estimate.

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Given the amount of the initial bids, staff decided to rebid the project with a reduced project scope. The project scope was further reduced by eliminating proposed LED upgrades of existing pedestrian lighting. Staff also redesigned the proposed landscaping work by reducing imported topsoil quantities and reducing the size of proposed median island trees.

ANALYSIS

The first sets of bids are no longer valid. Section 3-1.01 of the Standard Specifications states that unless extended by agreement, bids are valid for 90 days following the opening of bids. The initial bids were opened more than 90 days ago, and there was no agreement to extend the bids.

The second set of bids was opened on February 21, 2013, with the following results:

Contractor	Bid Amount	Variance Amount	Over/(Under) Percent
FBD Vanguard Construction, Inc.	\$4,396,368.30	\$909,368.30	26%
American Asphalt Repair and Resurfacing Co., Inc.	\$4,297,236.00	\$810,236.00	23%
Wattis Construction Co., Inc.	\$4,016,757.00	\$529,757.00	15%
Engineer's Estimate	\$3,487,000.00	---	---

The low bid submitted by Wattis Construction Co., Inc. is 15 percent over the rebid engineer's estimate.

The improved economy and growth in construction activity is reducing the number of bidders and increasing the costs of bids received. Although the apparent lowest bidder is 15 percent above the engineer's estimate, the three bid proposals are similar in price to each other and thus represent a market-based cost for constructing the project.

In addition, this project has been closely coordinated with the 2013 State Route Relinquishment Project that will resurface the pavement on The Alameda from Stockton Avenue to I-880 as part of the relinquishment agreement between Caltrans and the City. The 2013 Relinquishment Project is scheduled for award in August 2013. Any further delay in the award of this project may force the resurfacing of The Alameda into the summer of 2014.

Given the current bidding environment and possible impacts to the 2013 Relinquishment Project, staff recommends awarding the project to the low bidder, Wattis Construction Co. Inc., in the amount of \$4,016,757.

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Council Policy provides for a standard contingency of 10% on public works projects involving the construction of roadway improvements with underground utility work. Staff recommends the standard contingency of 10% in the amount of \$401,676 for this project.

In accordance with Federal Regulations, 49 CFR Part 26, a DBE goal of 6% was established for this project. Wattis Construction Co., Inc. did not meet the DBE goal, but they attained 5.4% DBE participation. Wattis Construction Co. Inc. submitted documentation that demonstrated good faith efforts were made to solicit DBE participation.

Staff is requesting to increase the current funding allocation in the amount of \$936,000 to complete the project. The additional funds will provide for the increase in construction costs (\$530,000) and contingency costs (\$53,000) necessary to complete the project. This amount will also cover additional staffing costs related to inspection and construction support (\$353,000) due to the rescoping and redesign of the project for the rebid.

This project will be closely coordinated with the affected residential and business community to minimize the impact of the construction activities. Public Works staff will work efficiently in conjunction with other projects in the area to maintain construction management costs within the budget.

Construction is scheduled to commence in late May 2013 with completion expected in November 2013.

EVALUATION AND FOLLOW-UP

No further follow-up actions are needed at this time.

POLICY ALTERNATIVES

Alternative #1: Council could elect to not award to the low bidder and direct staff to further reduce project scope.

Pros: Staff can redesign the project with a new scope that will allow the project to meet the approved grant amount allocated for construction.

Cons: Redesigning the project with a reduced scope will increase the project delivery costs and delay the 2013 Relinquishment Project until the summer of 2014.

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PUBLIC OUTREACH

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This project meets Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. This project was listed on *BidSync* and was advertised in the *San José Post Record* and *San José Mercury News*. This memorandum will be posted online to the April 9, 2013, Council agenda.

COORDINATION

This project has been coordinated with the Department of Planning, Building and Code Enforcement, City Attorney's Office, Department of Transportation, and the Department of Public Works.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$4,016,757

Project Delivery	\$1,881,567
Construction	\$4,016,757
Contingency	<u>\$401,676</u>
TOTAL PROJECT COSTS	\$6,300,000

Prior Year Expenditures*	<u>(\$839,000)</u>
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REMAINING PROJECT COSTS	\$5,461,000
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Current Funding Available	\$4,525,000
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ADDITIONAL FUNDING REQUIRED	(\$936,000)
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* A total of \$839,000 was expended in prior fiscal years for project delivery costs, including feasibility and design development.

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2. COST ELEMENTS OF CONSTRUCTION CONTRACT:

Adjustment of Utilities	\$295,765
Asphalt Pavement Conform	299,029
Concrete and Pavers	1,035,801
Landscaping and Irrigation	662,229
Traffic Signs, Striping and Pavement Marking	106,005
Street Lighting	347,814
Traffic Signals	1,130,690
Miscellaneous Items	139,424
TOTAL	\$4,016,757

3. SOURCE OF FUNDING: 429 – Building and Structure Construction Tax Fund, General Fund (\$3,132,000 is funded through a grant from the MTC)

4. OPERATING COSTS: The proposed operating and maintenance costs of this project have been reviewed and will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn #	Appn Name	RC	Total Appn	Amount for Project	Amount for Contract	2012-13 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Current Funding Allocation								
001	7407	Alameda Beautiful Way Project	172053	\$300,000	\$300,000		V-841	06/18/2012 Ord. No. 29102
429	7266	The Alameda-Plan for a Beautiful Way	165945	\$4,225,000	\$4,225,000	\$3,487,000	V-841	02/12/2013 Ord. No. 29208
Additional Funding Recommended								
429	8999	Ending Fund Balance	NA	\$1,340,768	\$936,000	\$529,757	V-815	02/12/2013 Ord. No. 29208
Total Funding				\$5,865,768	\$5,461,000	\$4,016,757		

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CEQA

City Public Project Exemption, PP10-132, 07/07/10. Caltrans NEPA, 02/03/12.

/s/

DAVID SYKES

Director of Public Works

/s/

HANS F. LARSEN

Director of Transportation



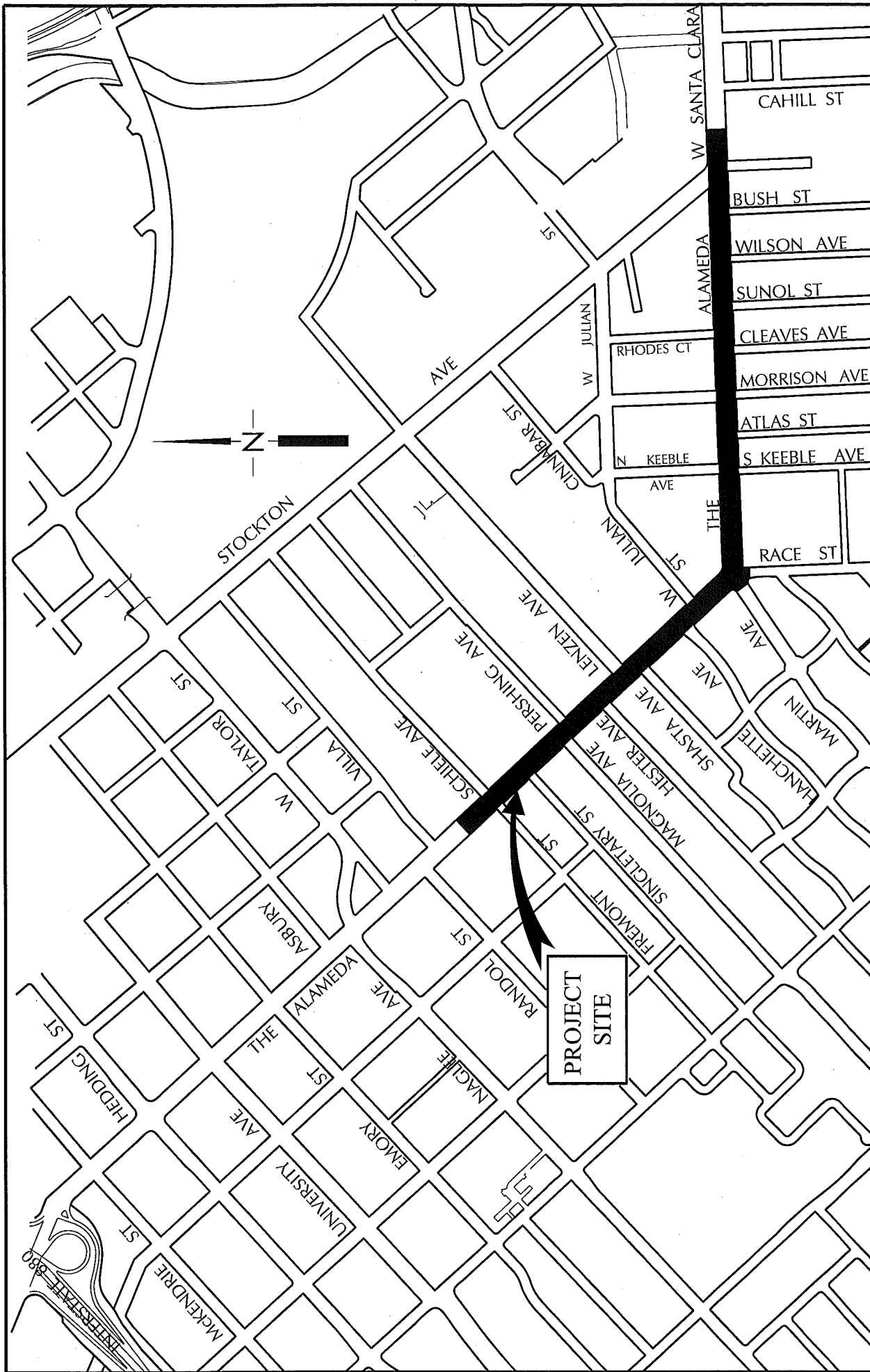
JENNIFER A. MAGUIRE

Budget Director

For questions please contact Michael O'Connell, Deputy Director of Public Works Department, at (408) 535-8300.

MO:NV:fg

Attachment: Map



LOCATION MAP

THE ALAMEDA – A PLAN FOR THE BEAUTIFUL WAY
(FROM STOCKTON AVENUE TO FREMONT STREET)

CITY OF SAN JOSE
DEPARTMENT OF PUBLIC WORKS

JANUARY 2012

NOT TO SCALE